

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: MIDAMERICAN ENERGY COMPANY	DOCKET NOS. TF-00-1 TF-00-2 (WRU-00-1-156, WRU-00-2-156)
--	---

ORDER GRANTING WAIVERS AND APPROVING TARIFFS

(Issued February 2, 2000)

On January 3, 2000, MidAmerican Energy Company (MidAmerican) filed with the Utilities Board (Board) requests for waiver of 199 IAC 19.4(13)"e" and 199 IAC 20.4(14)"f." The two rules in question are identical and address utilities' back billing of customers. 199 IAC 19.4(13)"e" applies to gas utilities and 199 IAC 20.4(14)"f" applies to electric utilities. MidAmerican requests waiver of two conditions in the rules. First, MidAmerican would limit the time it could adjust for an undercharge to six months, rather than five years as provided for in the rules. Second, MidAmerican would limit the maximum amount of a back bill to unbilled like charges in the six months preceding discovery of the error unless otherwise ordered by the Board. MidAmerican also filed proposed tariff changes, identified as TF-00-1 (electric) and TF-00-2 (gas), to implement the waiver requests.

The Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed a response on January 20, 2000, stating it had no objection to MidAmerican's proposal to limit the back billing period to six months rather than five

years. Consumer Advocate did object, however, to using unbilled charges because this would eliminate the rules' maximum cap on back bills based on billing for like charges in the 12 months preceding discovery of the error. Consumer Advocate supports an alternative of using the lesser of 1) the undercharge for the past six months or 2) the billing for like charges in the 12 months preceding discovery of the error.

The pertinent portion of 199 IAC 19.4(13)"e" and 20.4(14)"f" reads as follows:

The time period for which the utility may adjust for the undercharge need not exceed five years unless otherwise ordered by the board. The maximum bill shall not exceed the billing for like charges in the 12 months preceding discovery of the error unless otherwise ordered by the board.

The tariff language proposed by MidAmerican to implement its waiver requests is as follows:

The time period for which the Company may adjust for the undercharge shall not exceed six months unless otherwise ordered by the Board. The maximum back bill shall not exceed the amount of the unbilled like charges in the six months preceding discovery of the error unless otherwise ordered by the Board.

The six-month limitation proposed by MidAmerican benefits customers by limiting their back bill liability. MidAmerican has used a self-imposed six-month limitation since January 2, 1998. The six-month limit provides incentives for MidAmerican to discover billing errors quickly.

The second part of MidAmerican's waiver request would allow it to recover all of an underpayment for six months regardless of the amount originally billed. This

method at arriving at a back bill amount is simple and fair. While the alternative proposed by MidAmerican and supported by Consumer Advocate is a methodology more consistent with the rules, the alternative is difficult to understand and administer because it adds a second calculation. In the overwhelming majority of cases, the Board believes the adjustment under the alternative method would be the same as under MidAmerican's original proposal. The six-month limitation on back bills provides customers with adequate protection from extreme bill adjustments and the Board will therefore grant the waiver requests and approve the tariffs. The tariffs incorporate MidAmerican's original proposal.

IT IS THEREFORE ORDERED:

1. Tariff filings TF-00-1 and TF-00-2 are approved, effective February 20, 2000, subject to complaint or investigation.
2. The requests for waiver filed by MidAmerican Energy Company on January 3, 2000, are granted.

UTILITIES BOARD

/s/ Allan T. Thoms

/s/ Susan J. Frye

ATTEST:

/s/ Raymond K. Vawter, Jr. /s/ Diane Munns
Executive Secretary

Dated at Des Moines, Iowa, this 2nd day of February, 2000.